



ECONOMIC INDICATORS.®

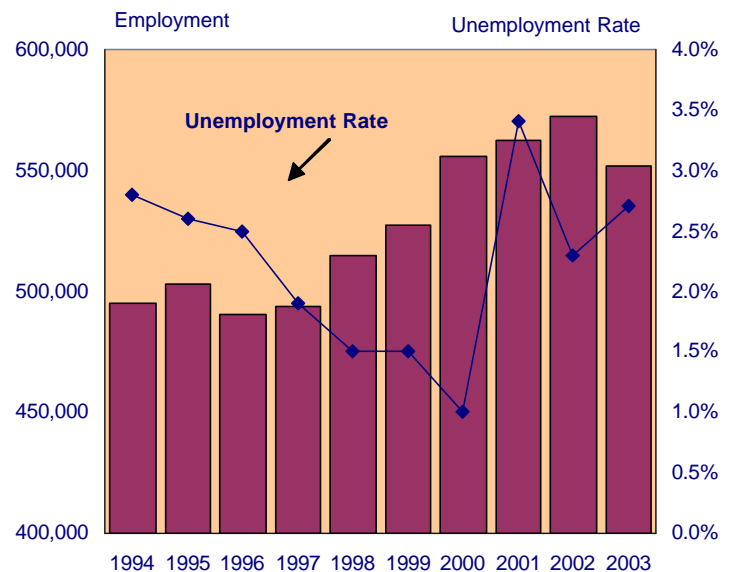
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

APRIL 2003

In this issue . . .

- ☐ The February unemployment rate in Fairfax County remained at 2.7 percent.
- ☐ Sales Tax receipts for Fairfax County have increased 1.1 percent over the same period last year.
- ☐ The overall growth rate of new residential permits decreased 25.7 percent, year-to-date. Through March, multifamily permits were down 23.7 percent and single family permits were down 26.8 percent.
- ☐ According to homes sales data through February, sales volume for existing single-family homes declined 3.8 percent, while new single family homes declined 25.8 percent. February marks the second consecutive month that sales volume has fallen significantly for both existing and new single family homes. Median sales prices showed moderate growth for both existing and new home sales.
- ☐ According to the Economic Development Authority, the office vacancy rate as of year-end 2002 was 12.1 percent, the highest rate since 1993.
- ☐ Consumer Confidence improved enough in April to offset the losses from the previous four months. The swift and successful war in the Middle East helped quell consumers' short-term concerns.
- ☐ In February, both the Metropolitan Washington and Fairfax County Coincident and Leading Indices decreased. Winter weather and anxiety over terrorism and war with Iraq drove the economy lower.

RESIDENTIAL EMPLOYMENT - FEBRUARY



Source: Virginia Employment Commission.
Compiled by the Fairfax County Department of Management and Budget.

Unemployment in Fairfax County did not change in February 2003, remaining at January's rate of 2.7 percent. The unemployment rate, however, is lower than the County's February 2002 rate of 3.0 percent.

Additionally, the Virginia Employment Commission (VEC) released its February 2003 labor figures for the Commonwealth, revealing no change from last month's rate of 4.3 percent, but a decline of 0.1 percent from February 2002. Compared nationally, Virginia was well below the U.S. February 2003 unemployment rate of 6.4 percent.

The VEC reports that Virginia's eight metropolitan areas presented a mixed picture in February 2003. Norfolk/Newport News and Bristol experienced lowered unemployment; Lynchburg, Northern Virginia, Richmond, and Roanoke saw no change from January 2003; and Charlottesville and Danville experienced a slight rise in unemployment.

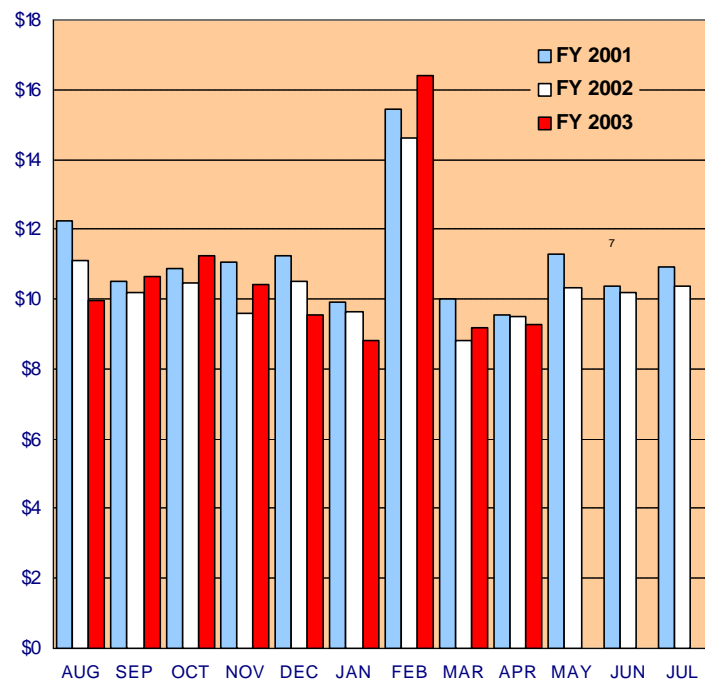
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>

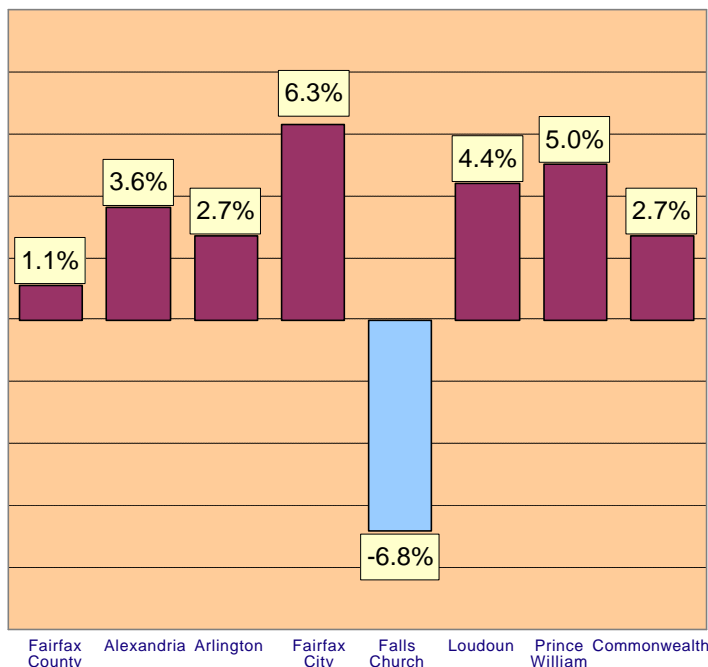


SALES TAX REVENUES*(revenues represent retail sales two months prior)*

Millions



Source: Virginia Department of Taxation.
Compiled by the Fairfax County Department of Management and Budget.

**FY 2003 SALES TAX RECEIPTS
THROUGH APRIL 2003**

Source: Virginia Department of Taxation.
Compiled by the Fairfax County Department of Management and Budget.

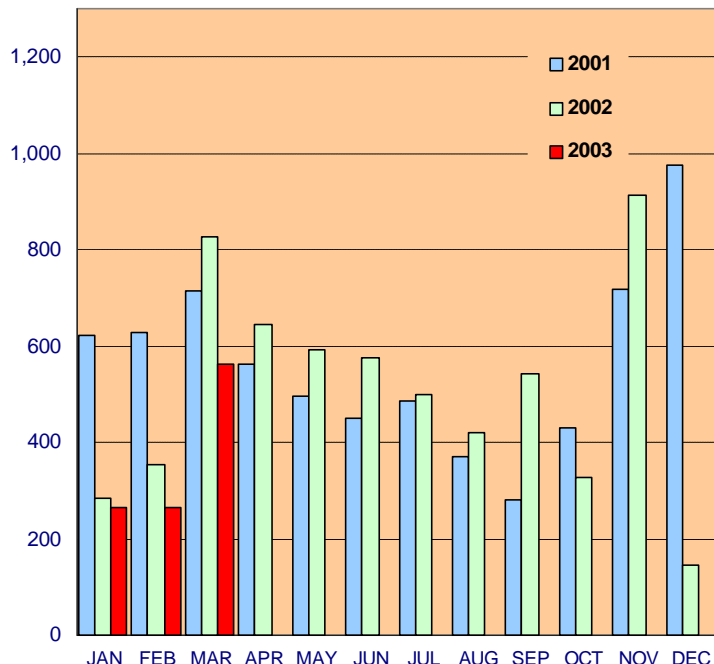
Fiscal year-to-date, Sales Tax receipts are 1.1 percent higher than the same period last year. April Sales Tax receipts, which represent purchases made in February, were \$9.3 million; a drop of 4.4 percent from April 2002. This decline in April retail sales may be due in part to the February snowstorms that slowed down economic activity.



According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in March increased 2.1 percent from the previous month and 5.3 percent from March 2002. Compared to last year, health and personal care store sales were up 5.4 percent, building materials and garden equipment sales were up 6.8 percent, gasoline station sales were up 18.9 percent, and motor vehicle and parts dealers were up 6.9 percent from March last year.

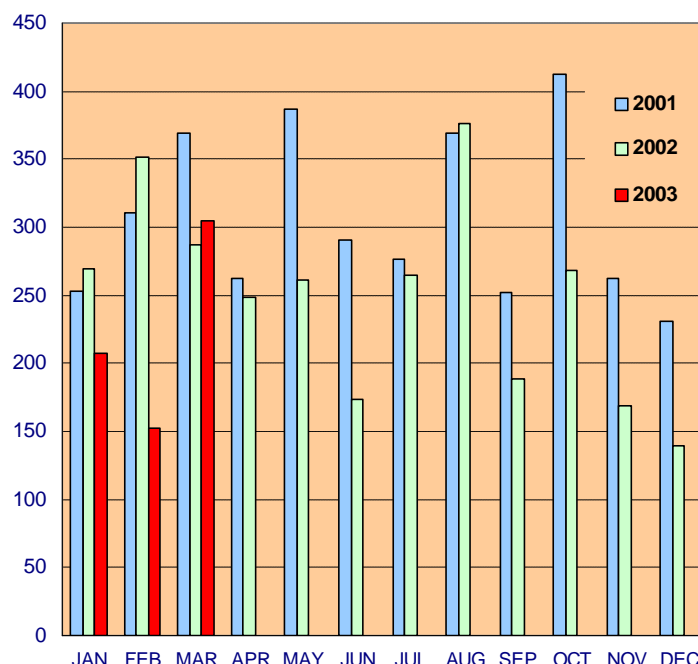
Sales Tax receipt growth through February is positive for all the Northern Virginia localities, except for Falls Church. Sales Tax receipts are up 6.3 percent in Fairfax City, 1.1 percent in Fairfax County, 3.6 percent in Alexandria, 4.4 percent in Loudoun County, 5.0 percent in Prince William County, and 2.7 percent in Arlington County, year-to-date. Sales Tax receipts in Falls Church experienced a drop of 6.8 percent, year-to-date. During this same period, Statewide Sales Tax receipts are up 2.7 percent.

**NUMBER OF RESIDENTIAL BUILDING
PERMITS ISSUED MONTHLY
FOR NEW DWELLINGS**



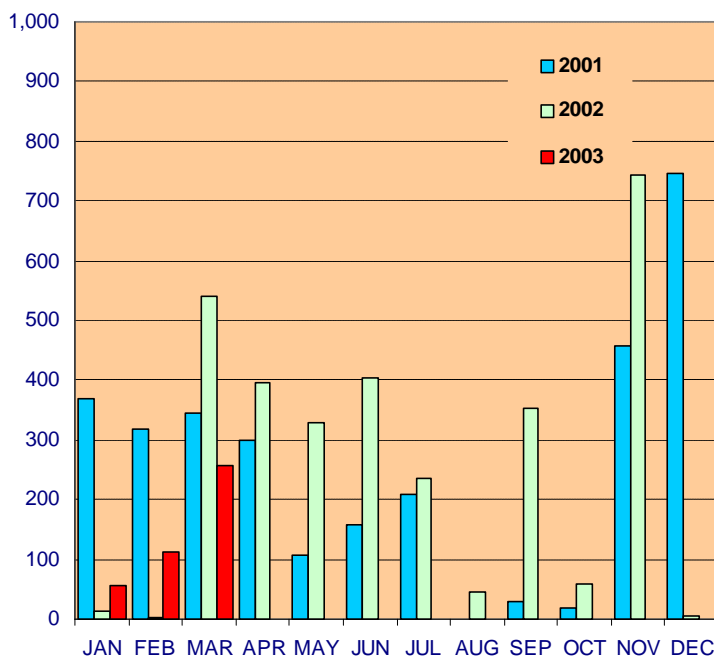
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF RESIDENTIAL BUILDING
PERMITS ISSUED MONTHLY
FOR NEW SINGLE FAMILY DWELLINGS**



Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF RESIDENTIAL BUILDING
PERMITS ISSUED MONTHLY
FOR NEW MULTIFAMILY DWELLINGS**



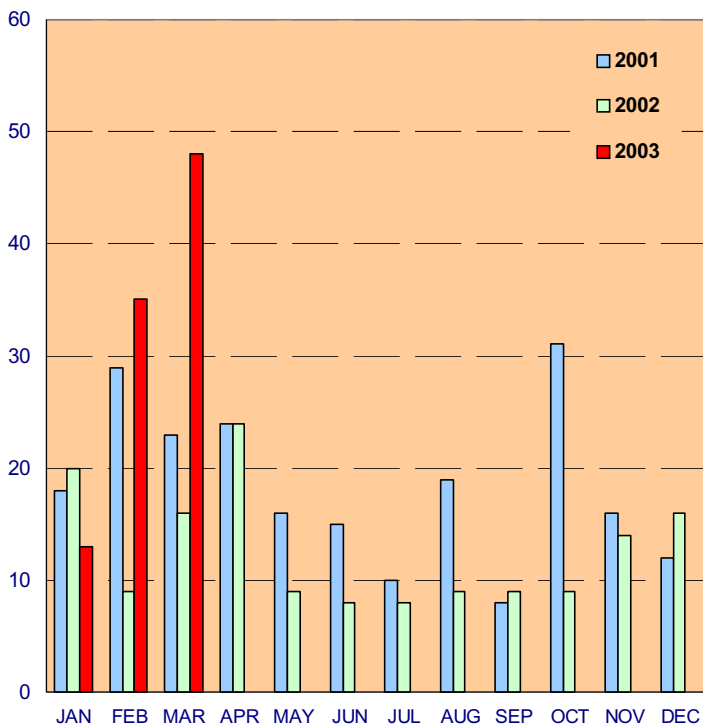
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

NOTE: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased, year-to-date. Through March, new residential dwelling permits are down 25.7 percent, or 376 permits. Through March, 424 multifamily permits were issued, falling short of last year's year-to-date total by 132 permits, or 23.7 percent. Single family permits were down 26.8 percent, or 244, over the same period.

Residential repair and alteration permits were down year-to-date. Through March, issues of residential repair and alteration permits have fallen by 5.9 percent, or 139 permits, from the same period last year.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

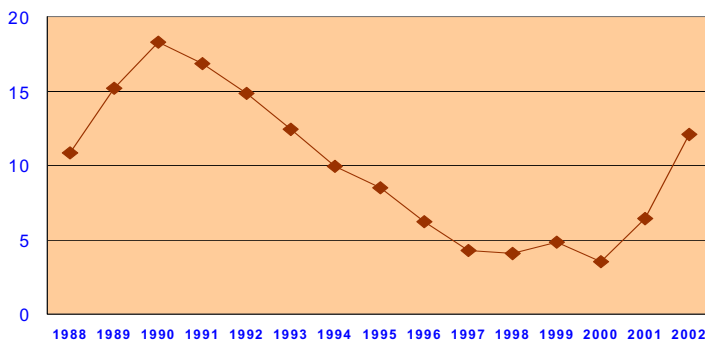


Source: Fairfax County Department of Public Works and Environmental Services.
Compiled by the Fairfax County Department of Management and Budget.

Nonresidential building permits issued through March are up 113.3 percent, or 51 permits, from the same period in 2002. Nonresidential repair and alterations permits are down 15.1 percent, or 134 permits, year-to-date.

OFFICE VACANCY RATES

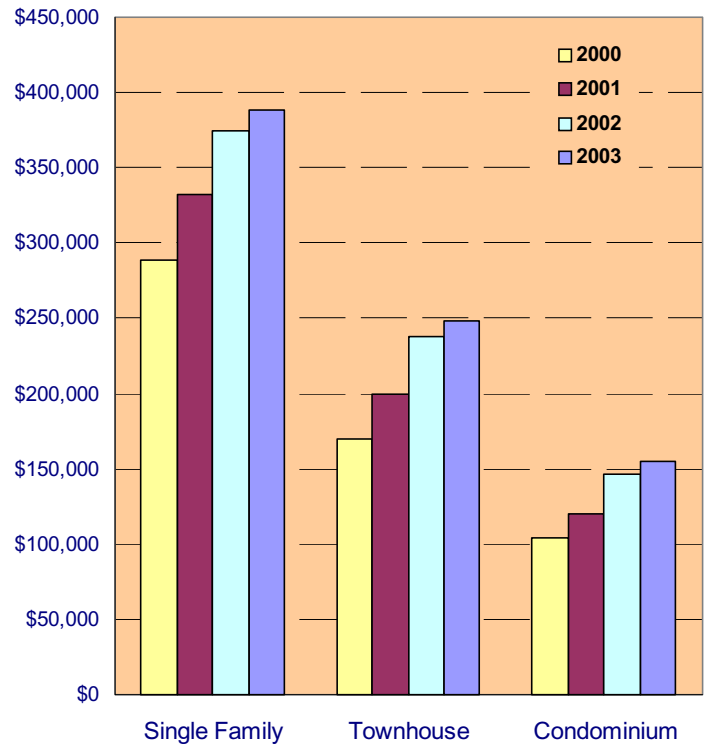
Fairfax County Vacancy Rates 1988 - 2002



The Fairfax County Economic Development Authority reported that the direct office vacancy rate rose to 12.1 percent as of year-end 2002. This is the highest rate since 1993. Including sublet space, the office vacancy rate increases to 18.8 percent. The EDA also reported that the office inventory in Fairfax County surpassed 100 million square feet as of year-end 2002.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD THROUGH FEBRUARY 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002

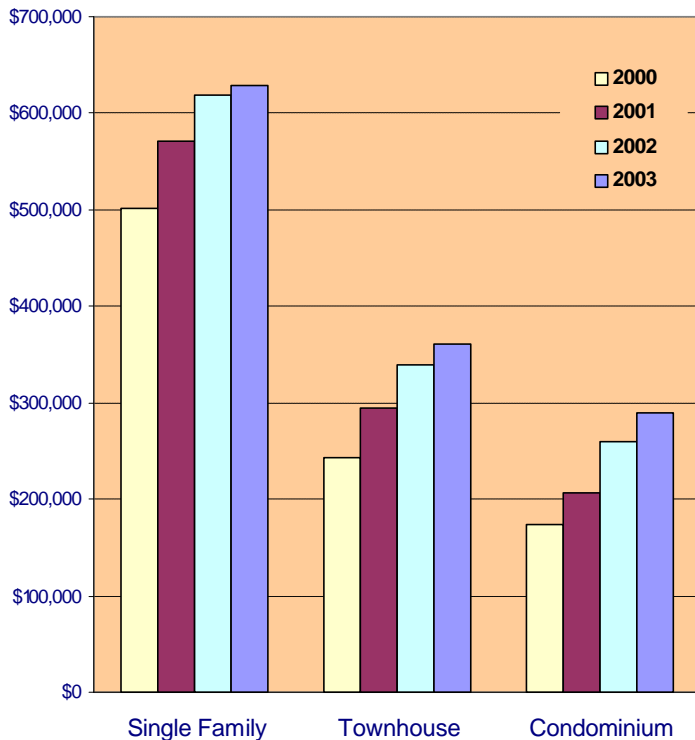


Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

According to home sales data through February 2003, all existing home types in Fairfax County experienced positive growth in median sales prices, year-to-date. For existing single family homes, the median sales price was \$388,600 compared to the 2002 median of \$376,000—growth of 3.4 percent. The median for townhomes grew 4.3 percent from \$238,265 in 2002 to \$248,500 and the median for condominiums increased from \$145,000 to \$155,465 representing growth of 7.2 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
THROUGH FEBRUARY 2003 COMPARED TO THE
ANNUAL MEDIAN 2000 - 2002**



Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

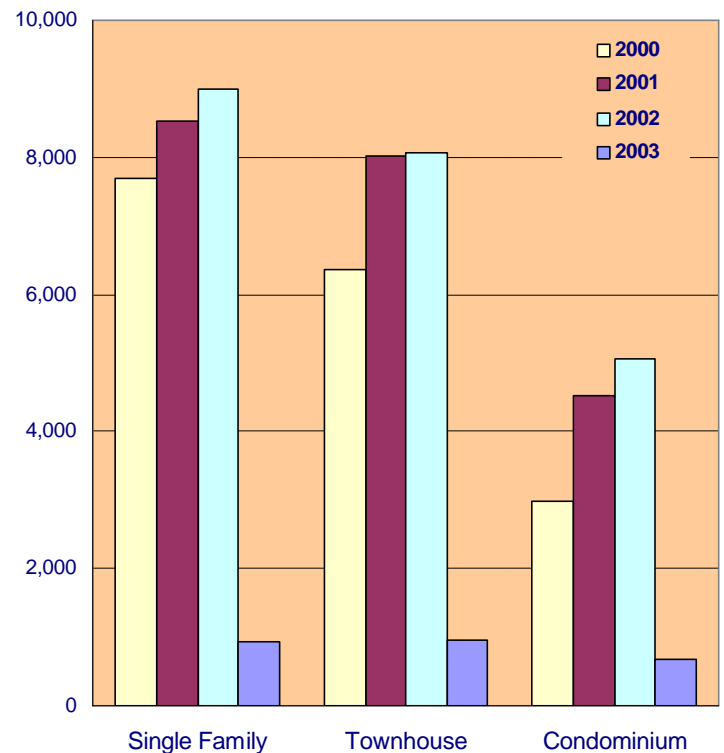
Through February 2003, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$628,799, an increase of 1.7 percent over the 2002 median price of \$618,131. New townhomes increased 6.7 percent, from \$338,875 to \$361,395. The median sales price for condominiums increased 11.6 percent, from \$259,830 to \$290,000. The median sales price for new condominiums includes three condos that were sold in January 2003 for over \$1.2 million each, which inflated the rest of the sales data since only 11 condominiums have sold year-to-date. Staff expects the median condominium sales price to gradually moderate as more are sold.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF
HOMES SOLD YEAR-END 2002 COMPARED
TO SALES THROUGH FEBRUARY 2003**

	Existing Sales	New Sales
Single Family	3.4	1.7
Townhouse	4.3	6.7
Condominium	7.2	11.6

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

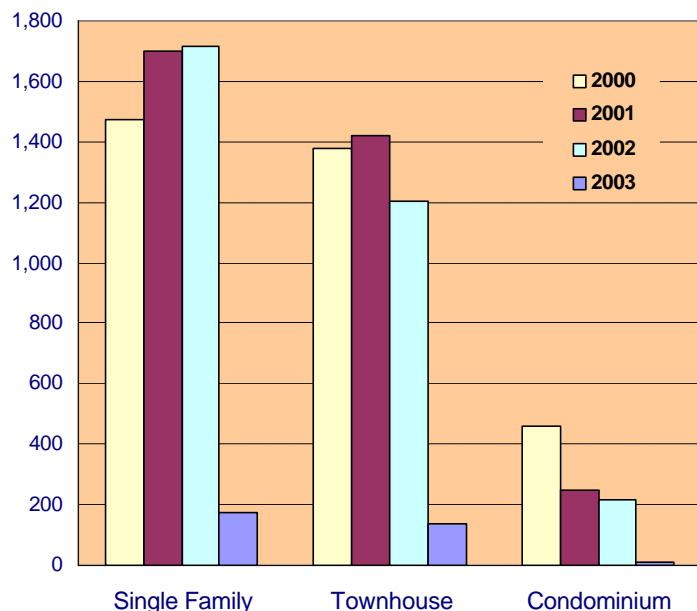
**NUMBER OF EXISTING HOMES SOLD THROUGH
FEBRUARY 2000 - 2003**



Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

Existing home sales volume was up for townhomes and condominiums but down for single family homes through February 2003. Townhome sales increased 6.5 percent from 893 to 951 and condominium sales were up 35.8 percent from 492 to 668. Single family homes sales fell 3.8 percent, from 974 to 937, year-to-date.

NUMBER OF NEW HOMES SOLD THROUGH FEBRUARY 2000 - 2003

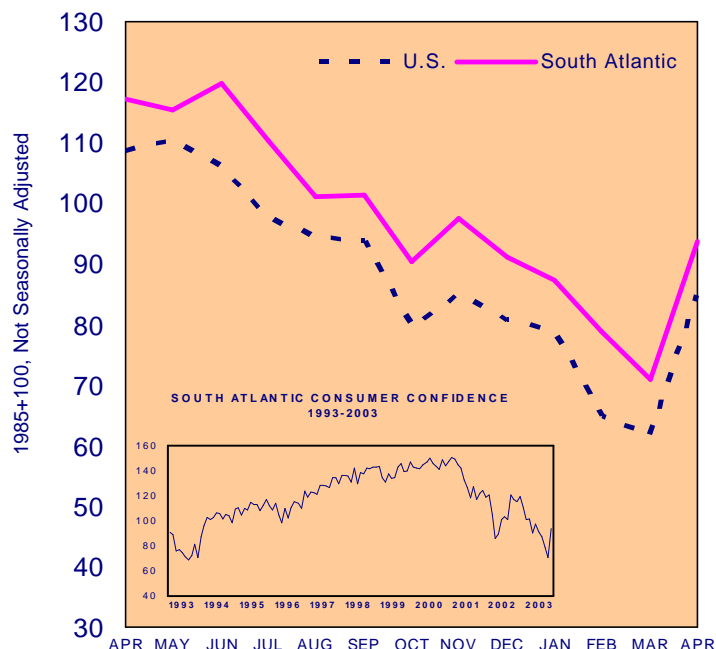


Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

During the first two months of 2003, sales of new single family and townhomes have fallen significantly. Through February, new townhome sales have decreased 43.9 percent, from 246 to 138, while single family home sales have fallen 25.8 percent, from 233 to 173, year-to-date. New condominiums sales, however, have increased from 5 through February 2002 to 11 in 2003.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

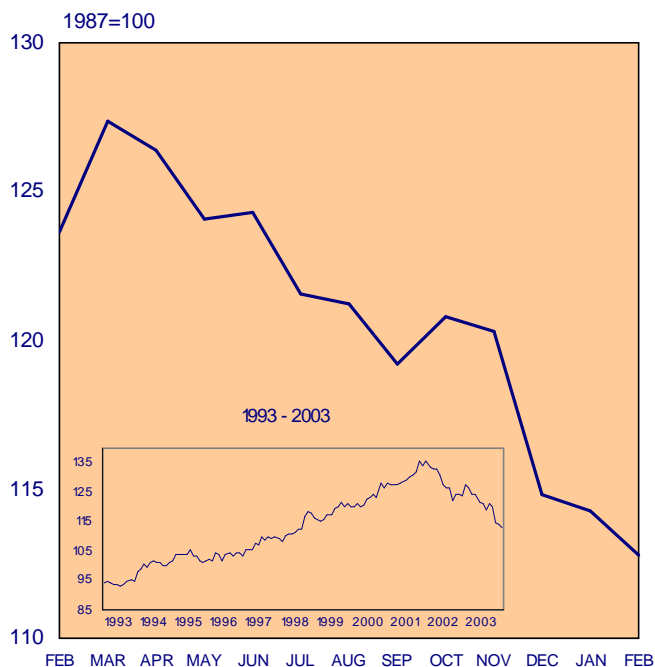


The Conference Board reports that the Consumer Confidence Index, which had fallen for the past four consecutive months, improved sharply in April. The Index now stands at 81.0, up 19.6 points from March. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In April, the Present Situation Index increased to 75.3 points, a 13.9 point improvement over last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, this month's increase in the Present Situation Index may signal a turnaround in confidence and a more favorable outlook for consumer spending. Consumers were further encouraged by expected business conditions in April as the Expectations Index improved 23.4 points to 84.8. Ms. Franco notes that the swift and successful war in the Middle East helped quell consumers' short-term concerns. While a similar post-war surge in consumer confidence occurred following the Persian Gulf War in 1991, this increase differs in that both components of the Index improved.

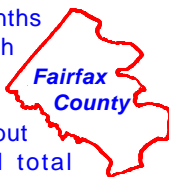
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX

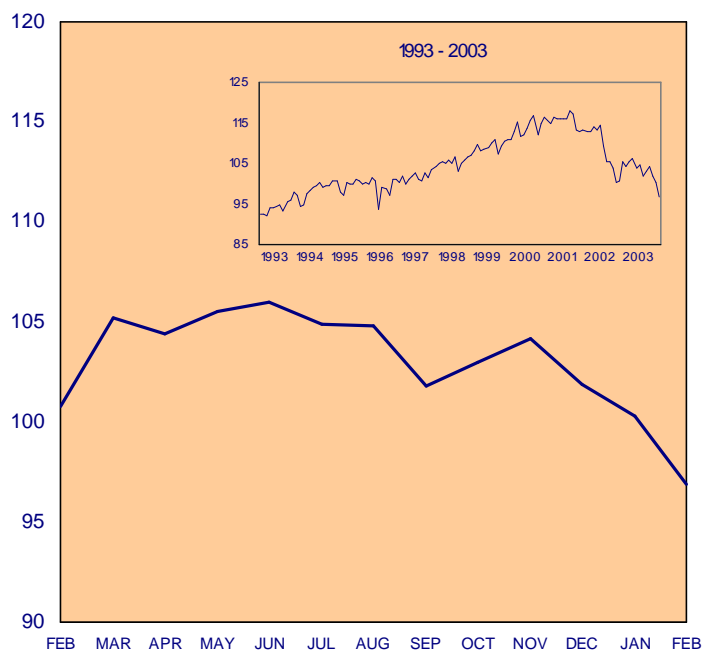


Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 112.8 in February—a 0.8 percent decrease from January 2003. The combined loss for the first two months of calendar year 2003 is 2.2 percent while nine out of the last 12 months have declined for a total loss of 3.9 percent. In February, two of the Index's four components contributed to its decrease. Sales tax collections, adjusted for inflation and seasonal variation, decreased for the fifth time in six months and consumer confidence declined for the fourth consecutive month. Seasonally and inflation adjusted transient occupancy tax collections not only increased for the fifth time in six months, but registered the largest gain in a year and total employment increased only slightly.

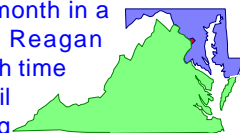


METROPOLITAN COINCIDENT INDEX

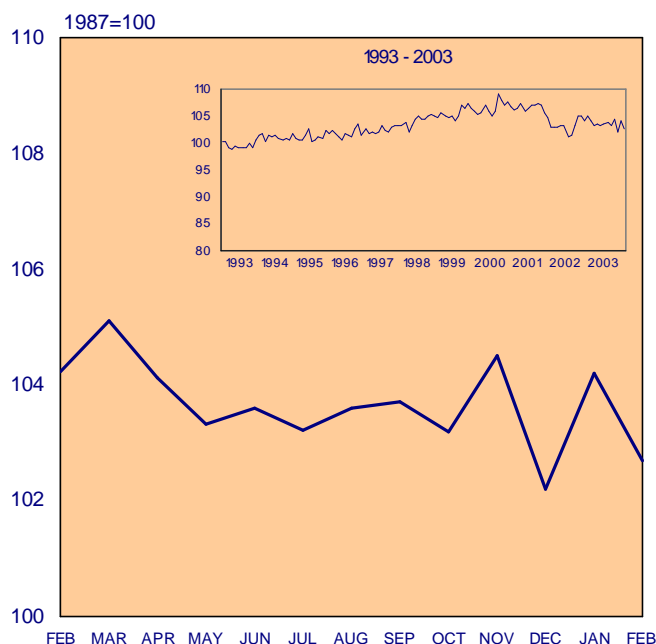


Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined sharply from 100.3 to 96.9 in February 2003—a 3.4 percent decrease from January. A combination of winter weather and anxiety over terrorism and war with Iraq lowered the Index to its lowest level since the blizzard of January 1996. While February marked the third month of a combined 7 percent slide, the Index was off only 3.9 percent when compared to February 2002. In February, all four of the Index's components contributed to its decrease. Wages and salary employment declined in January, consumer confidence fell for the fourth month in a row, domestic passenger volume at Reagan National and Dulles Airport fell for the fifth time in six months, and nondurable goods retail sales decreased in February after gaining in January.

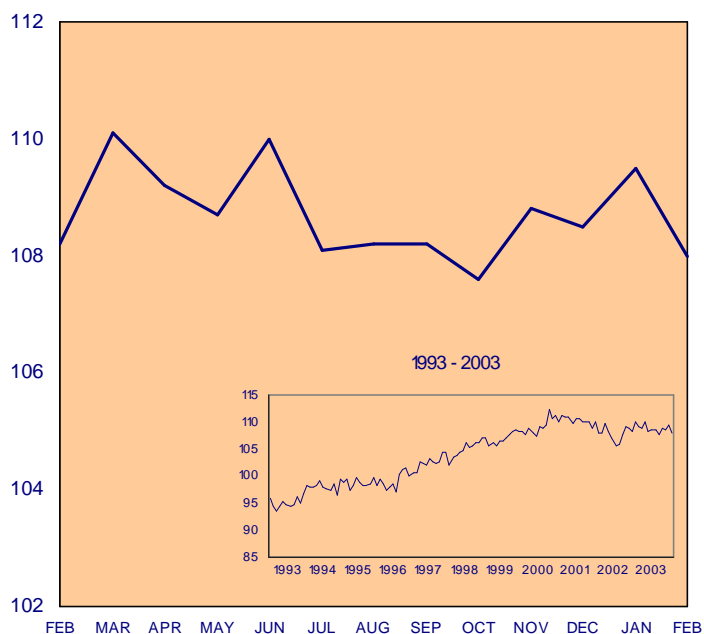


FAIRFAX COUNTY LEADING INDEX



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 102.7 in February—a 1.4 percent fall from January. While the Index has declined for two of the past three months, the preceding 11 months were wrought with gains and losses that amounted to a minimal monthly over-the-year loss. Consequently, February's decline accounts for nearly the entire over-the-year deficit. In February, four of the Index's five components contributed to its loss. New automobile registrations declined after two consecutive gains and consumer expectations dropped sharply after three months of gains. Residential building permits fell for the second time in three months and the total value of residential building permits decreased after increasing in January. Initial claims for unemployment insurance decreased (improved) for a second consecutive month.

Fairfax County

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, decreased to 108.0 in February for a 1.4 percent drop. Additionally, the Index is 0.2 percent below its February 2002 level. With the decline in December and now February, the upward trend has been flattened. In February, four of the Index's five components contributed to its decline. Total residential building permits declined for a second month, consumer expectations fell for the fourth time in five months, the Help Wanted Index dropped sharply after registering two consecutive gains in previous months, and durable goods retail sales decreased for the third time in four months. In contrast, initial claims for unemployment insurance declined (improved) sharply and have decreased in three of the last four months.



Inquiries should be directed to:

**The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)**

Staff: Susan Datta, Director; Marcia Wilds, Sarah Young, Jameson Penn, analysts; and Frann Shurnitski, layout.